
BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Commissioner,
Atlanta Region, Social Security
Administration

Improving Operating And Staffing
Practices Can Increase Productivity And
Reduce Costs In SSA'S Atlanta Region

According to the Social Security Administration's measurements, its Atlanta region has the highest productivity among the agency's 10 regional offices. The region handled 21.3 percent of the national field office work load with 16.6 percent of the national field office staff. In fiscal year 1984, the region's productivity was 129 percent of the SSA national average. Nevertheless, there are opportunities to improve productivity within the Atlanta region. GAO found that the productivity of field offices within the Atlanta region varies widely. Some offices process over 50 percent more work load per person than the average office without decreasing the quality or timeliness of the service provided to claimants; these offices processed nearly twice the work load as some of the lower producers.

The Commissioner of the Atlanta region agreed with the thrust of GAO's recommendations that are aimed at improving field office productivity through the use of (1) better operating practices which have been obtained by comparing the operating practices of the offices with high and low productivity, (2) a work load based resource allocation system which would more closely provide for the matching of field office staff to work load, and (3) training and accountability measures for field office managers.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

B-218718

Mr. Gordon M. Sherman
Commissioner
Atlanta Region
Social Security Administration

Dear Mr. Sherman:

We have completed our review of field office productivity in the Social Security Administration's (SSA) Atlanta region. This review is the third review in a series of examinations of productivity in claims processing throughout government.¹ Productivity in this context means how much work SSA produces with available staff resources. It is generally measured in terms of output (claims and related work processed) per person over a given time period, and for a given level of timeliness and quality. All office staff, including support staff, are included in such overall measures.

Productivity in the Atlanta region ranks at the top among SSA regions. According to SSA's productivity reporting system, the Atlanta region produced 21.3 percent of the fiscal year 1984 field office workload with 16.6 percent of SSA's total field office staff resources. Even though the Atlanta region has a high level of performance, there are further opportunities for better productivity within the region. Although the Atlanta region's field offices do essentially the same type of work, they vary widely in their productivity. Some of the offices process nearly twice the work load per person as others. The variations in field office productivity are attributable to mismatches between staff levels and work load and field office use of a wide variety of operating practices. The practices used by offices with lower productivity will require streamlining if these offices are to be staffed more in line with work load needs. Our review showed that three major actions could aid the achievement of proper staffing and higher

¹The Best FECA Practices Could Raise Productivity if Implemented at all FECA Offices (GAO/AFMD-83-72, Sept. 27, 1983).

Improved Productivity Can Reduce the Cost of Administering Veterans Benefit Programs (GAO/AFMD-83-12, Dec. 22, 1982).

productivity: (1) information on "best operating practices"² should be identified and exchanged among area directors and field offices; (2) field office managers should be taught how to go about improving their operating practices; and (3) area directors, the management level directly responsible for field office staffing and productivity, should be held accountable for productivity performance through their merit pay performance standards.

Significant savings could be realized by adopting best operating practices throughout the region and adjusting and/or reallocating staff on the basis of work load needs. For example, if all offices in the region below regional average productivity raised their productivity to the regional average, approximately 4 percent productivity improvement could be achieved, or \$6.5 million in salary costs could be saved. In like manner, if all offices in the region were as productive as the top 10 percent of offices in the region, approximately 17 percent productivity improvement could be achieved, or \$18.9 million salary cost savings could be realized. We recognize that such gains through the actions outlined above might be offset somewhat by the costs and other considerations of staff changes.

OBJECTIVES, SCOPE, AND METHODOLOGY

This review was undertaken to identify opportunities for higher productivity and lower costs in the Atlanta region's claims processing activity. The Atlanta region was selected because it is one of SSA's largest in terms of work load and staff. In fiscal year 1984, this region served over 6.7 million individuals who receive Social Security retirement or disability benefits and nearly 1 million Supplemental Security Income (SSI) recipients. The SSA Atlanta Region employs nearly 7,000 employees in 270 field offices, or about one-sixth of SSA's total field staff.³

²"Best operating practices" are those practices which accomplish work objectives in the most efficient and economical manner at a given level of quality.

³During the course of our review, the number of field offices decreased from 270 to 261 due to office closings and consolidations.

In order to obtain information about the effects of representative conditions, our review focused on a detailed examination of operating practices and performance at 18 of the 270 field offices selected primarily for their differences in size, locality, and productivity performance.⁴

We also obtained productivity data on all 270 offices. To judge which office had high or low productivity, we used SSA's productivity performance reports. SSA uses a commonly accepted means of developing productivity measures that enable relative comparisons to be made between offices with differing work load complexities. SSA's work measurement system "weights" the work load. Those offices doing more complex or time-consuming tasks are given more time credit for that work. For example, an SSI claim is given more "weight," or time to accomplish, than a standard retirement claim. An office with a higher proportion of SSI claims work load will be given more credit--that is, time and staff--to complete the work load. To assess the validity of the weighting, we examined an SSA study of the work measurement system. Although SSA found some inaccuracies in the weighting system, our examination of these inaccuracies indicates that relative productivity comparisons made using this system are generally valid. We also made a statistical analysis of productivity and related demographic characteristics of all 270 offices. This analysis was performed to determine if productivity is significantly influenced by factors such as size and location of the office, economic conditions in the area, and work mix of the office. Further details on the scope and methodology are provided in appendix I.

FIELD OFFICE PRODUCTIVITY VARIES WIDELY

We believe that an organization that is well managed and achieving high levels of productivity, quality, and timeliness can serve as an example for similar organizations. However, by examining SSA's reports on productivity, we found that productivity varies widely among the offices in the Atlanta region.

Productivity variations are attributable to imbalances between field office staff levels and work load and the use by field offices of a wide variety of operating practices despite the similarity in work loads and services provided. Generally, the local manager decides which operating practices are to be used in each office and these practices generally reflect the

⁴The 18 offices reviewed were Atlanta Downtown, Northeast Atlanta, East Point, Decatur, Albany, and Cordele, Georgia; Jacksonville and Dade City, Florida; Birmingham and Montgomery, Alabama; Vicksburg and Tupelo, Mississippi; Greenville, South Carolina; Durham and Salisbury, North Carolina; Dyersburg and La Follette, Tennessee; and Richmond, Kentucky.

manager's approach to processing procedures, work load control, and quality control. SSA headquarters officials advised us that local managers are given considerable discretion in selecting the operating practices followed in the field offices.

As a consequence of staff distribution practices and maximizing the amount of local management control, some offices were nearly twice as productive as others. For example, Birmingham, Alabama, and Melbourne, Florida, have similar weighted work load levels, yet Melbourne produced 42 percent more work per person than Birmingham. A comparison of Montgomery, Alabama, and Columbia, South Carolina, gives us another example. Both offices have essentially similar overall weighted work load levels. Even though the mix of work load may vary, both are located in state capitals. SSA offices located in state capitals are required to act as a contact point between SSA and state governments for certain issues. Yet Montgomery produces 35 percent more work per person than Columbia. The Regional Commissioner advised us that Montgomery is able to produce more work because of the availability of specialized computer equipment. There are plans to use such equipment in other locations such as Columbia as soon as it becomes available. The result of the variance in productivity is that the costs per claim for offices with low productivity are higher than offices with higher productivity. Details on the wide variation in office performance in the Atlanta region are presented in appendix II.

Achieving higher levels of productivity does not appear to be likely to cause quality or timeliness problems.⁵ We examined the relationships between productivity, error rates, and timeliness in claims processing at the 18 offices visited and found that highly productive offices were no more prone to quality and timeliness problems than offices with very low productivity. (See app. II.)

Staff levels are not matched to work load

The variation in productivity is caused in part by area directors' decisions to either provide different levels of staff to offices with similar work loads or to provide the same level of staff to offices with different work loads. In the Atlanta region, staffing decisions are largely based on past staffing levels and subjective and erroneous expectations of the impact of local conditions on work loads. The region does not carefully match actual staff needs to work load or consider variations in field office productivity caused by similar sized offices handling different work loads.

⁵Through work sampling analyses, SSA has compared relative quality and timeliness levels achieved by its various field offices.

Budgeted staff are allocated hierarchically. Headquarters SSA provides staff to the Atlanta region based mainly on the work load expected and the region's past staffing levels for similar work load levels. The Atlanta region management then allocates their budgeted staff among 13 areas within the region according to each area's share of regional work units. The area directors, in turn, have the responsibility of distributing the staff among field offices. The approach used to distribute staff among the field offices begins with an analysis that identifies the amount of work load produced in the prior year in each office. Each office's work load is expressed as a percentage of the area's work load. The staff budgeted for the area is then preliminarily distributed to each office in accordance with each office's percentage of the area work load. At this point, however, the projected staff needs for each office are adjusted for reasons other than work load requirements, and some offices are permitted to have more staff than other offices with similar work load levels. Several factors have contributed to mismatching staffing to work load.

In some offices, the work load levels had decreased over past fiscal years without a commensurate action to change staff levels. For example, in the Atlanta, Georgia, downtown office the staff had remained unchanged from fiscal year 1978 through fiscal year 1982, but the work load had dropped about 29 percent. As a consequence, productivity was relatively high at the beginning of the period, but by the end of the period it was low, relative to other offices. Other field offices we visited that had falling work loads during this period without a commensurate change in staff included Albany and Cordele, Georgia; and La Follette and Dyersburg, Tennessee.

In some offices we visited, staffing was supplemented for personnel management reasons not related to work load, according to SSA headquarters and regional officials. For example, the Atlanta region hired several new employees during reductions-in-force at other Department of Health and Human Services agencies. Those employees (hired at SSA headquarters' recommendation) were placed in the Atlanta downtown office even though the work load did not indicate the need, thus resulting in lower productivity. The Regional Commissioner advised us, however, that the reduction in productivity was only temporary, and in fiscal year 1984, this office was operating at 108 percent of the regional average. The Birmingham, Alabama, office also received employees from an office which was closed, thus lowering its productivity.

Staffing level decisions are made, in part, based on area directors' perceptions of the need for extra staffing to accommodate local conditions. SSA headquarters sanctions staffing level variations based on the premise that local

demographic and economic conditions require specially tailored practices to deal with each target clientele--such as more staff to handle work in offices located in poverty areas or low educational level areas. In other words, SSA expects low or high productivity based on local conditions.

We determined that such an adjustment in staffing is normally not justifiable. We statistically examined the local demographics and economies at 270 offices and compared them to productivity and found no statistically significant relationship between productivity and these factors. Factors examined included unemployment rates, average wage rates, average education, population of the area, and ratio of SSI claims to total claims. Consequently, the expectation of low productivity and the accompanying justification of extra staffing for reasons of demographic and economic conditions appear to be unsupported in most cases. Appendix III contains details on this analysis.

A variety of operating practices are used

Although significant cost benefits can be gained from assuring that only the needed staff is allocated to each office, SSA allows each office to staff according to its operating practices. Where these practices are unique, they can become barriers to making needed staff changes. In many cases, these are inefficient practices that have become institutionalized at individual offices. Since inefficient practices will require extra staff time, they need to be changed before staffing can be reduced in any offices without impacting service.

We found that the 18 field offices visited used a wide variety of operating practices despite similarity in work loads and services provided. Operating practices encompass processing procedures, quality control practices, organization structures, and work load control practices. Three examples illustrate why operating practices may contribute to the variations in the staffing used and therefore may be barriers to improving productivity.

--Several offices we examined performed more work steps than others to complete the same type of SSI redetermination--a reevaluation of an SSI recipient's eligibility. For example, in comparing two offices, we found the extra steps included such things as an additional quality review, completing a locally produced form, and steps to control the claim. Despite the additional quality review step, the second office did not have statistically significant better quality (in terms of payment errors) than the first one.

--One office took more work steps than another office to complete the same type of retirement claim--one of a field office's most basic and frequently performed activities. As before, the extra steps were an additional quality review, completing locally produced forms, and an additional file routing. The office with the additional quality review did not have statistically significant improved quality.

--We observed that an efficient practice stressed in the East Point, Georgia, office was to have claimants fill out much of their benefit applications while waiting for a claims representative to help them. Four other offices did this to a lesser degree than East Point, but some of the other 13 offices we visited did not permit the claimants to fill out any parts of their applications. Some managers believe SSA policy prevented them from doing this and others felt such a practice was not particularly helpful. Instead, claims representatives spent time filling in the forms. Much of that data is basic, such as name, address, telephone number, and family data, and can be accurately and easily filled out by most claimants.

In addition to variations in processing steps, we observed other variations in practices that can affect staff time usage and, thus, productivity levels. We found that the 18 offices used as many as three different methods of controlling and distributing work among the employees. Further, several differences in organization structure were observed. For example, among the 18 offices examined, the 9 offices with lower productivity averaged about 7 percent less staff devoted to positions that directly process claims--such as claims representatives and service representatives. These offices had higher ratios of support and supervisory staff as well as additional temporary staff. Although the effects of these differences are less apparent than in processing steps, they also can contribute to varying productivity. Further details on these variations are provided in appendix II.

We observed that you brought all your field office managers together to emphasize the need to use the best operating practices. However, we noted field office managers at the offices visited were unaware as to how they might streamline their operations by adopting practices of other offices. We believe that more can be done by area office directors to promote best practices as a first step toward improving productivity.

Area directors could more systematically communicate and exchange ideas on improvements and best operating practices among their field offices and the region could do so for area directors. Area directors did not routinely and formally exchange ideas for improving all offices. Specific responsibility for productivity improvement is currently not designated at the regional headquarters level. The area directors are currently identified as the focal points for improving operations, but area directors generally work with each office individually, concentrating on those offices that have specific problems in quality or timeliness. We found that area directors did not bring offices with problems together with other offices to ensure that policies and procedures were the best possible and were implemented uniformly. Further, field office managers have told us that they have little knowledge of the best practices being used by their counterparts. Area directors said that field office managers are given considerable latitude for establishing local practices within broad SSA and regional guidelines and therefore the area directors do not give priority attention to exchanging ideas on best practices.

In May 1984, GAO participated in an SSA managers meeting in Atlanta to discuss improving productivity through assuring that offices are using and transferring best practices. The meeting was generally considered to be very useful by those who participated. Currently, however, there are no plans for maintaining best practices as an agenda item at these meetings or at smaller group meetings, such as at the area directors' level. In a similar effort to involve field managers in improving practices, on December 6, 1984, SSA's Associate Commissioner for Field Operations issued the results of a field office study which examined the best operating practices in highly productive local offices (see app. II, p. 13). That study recommended that field office managers identify and use best operating practices. However, no specific plans for implementing the recommendations have been developed, particularly in terms of teaching field office managers how to examine their offices for inefficient practices.

We also noted that field office managers need training in how to use analytical tools which could enable them to examine offices' operating practices and identify those practices which might have wider applicability. The use of such tools as flow charting, basic performance measurement, and work assignment and control would assist in identifying the most efficient operating practices. We reviewed the types of training provided to field office managers and noted that instruction in such techniques was not included.

It also appears that there should be more formal accountability for area directors to achieve better productivity. Their merit pay performance standards could provide stronger emphasis on productivity improvement.⁶ The Atlanta region has recognized the value of managerial accountability in efforts to improve timeliness. The Atlanta Regional Commissioner's SES contract recognizes timeliness incentives and the area directors' merit pay performance standards contain timeliness goals. These goals have been credited with initiating actions on the part of managers that have resulted in a 25 percent improvement in calendar time for processing retirement claims.⁷ Similar specific incentives could stimulate productivity improvements.

CONCLUSIONS AND RECOMMENDATIONS

The significant variation in field office productivity in the Atlanta region is attributable to mismatches between field office staff and work load and field office use of a wide variety of operating practices. Area directors should consider the productivity levels achieved by the better performing offices as indicating the work-load-to-staff ratios for most offices.

Variations among field offices in organization, processing, and quality control procedures contribute to the mismatches in staffing and work loads. We believe that area directors need to identify the best operating practices among field offices and disseminate this information to all their field office managers. As improvements in field office operating practices are achieved, area directors should be able to more closely match staff levels with field office work load through adjustments and/or reallocations of staff.

Providing incentives in merit pay plans is another tool that can stimulate improved field office productivity. Area directors and field office managers should be held accountable for improving operating practices and staffing more closely to work load. However, field office managers should receive training in methods that can be used to identify and develop improved practices if they are to be held accountable for such actions. Regional management should designate responsibility at the regional level to assure that area directors consider productivity improvements and coordinate with each other about the identification and use of best operating practices.

⁶In the Atlanta region, all area directors are subject to merit pay performance standards. Field offices are broken down into districts and branches. Branches are subunits of districts. District managers are also subject to merit pay performance standards.

⁷For details, see page 15, appendix II.

We recommend that the Commissioner, Atlanta Region, develop and implement a time-phased strategy to include designating responsibility at the regional level to assure that productivity is improved and require area directors to

- improve the regional staff allocation process by using the more productive offices as indicators of appropriate staff-to-work-load ratios;
- establish procedures to identify the best operating practices used in the various field offices, and disseminate information on the best operating practices to local field managers for their use where appropriate;
- provide field office managers with training in analytical tools which would enable them to improve operating practices; and
- hold area directors and field office managers accountable through their merit pay plans for improving field offices' operating practices, and as operating practices are improved, hold these managers accountable for staffing offices in accordance with appropriate staff-to-work-load ratios.

The time-phased strategy should recognize that streamlining operating practices should be done before reducing staff at the offices with lower productivity. Such an approach would improve overall regional productivity and could result in significant savings. To reduce staffing without assuring that the work load can be properly processed with less staff could affect the quality and timeliness of service to the public.

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On May 24, 1985, we met with you to discuss the findings, conclusions, and recommendations summarized in a draft of this report. You advised us that you agreed with the thrust of our recommendations to improve regional productivity and to hold managers more accountable, specifically for productivity improvement. You also made suggestions for putting the Atlanta region's performance into better perspective. We have made changes where we considered them appropriate. You advised us that:

--For fiscal year 1984, the Atlanta region's productivity was 129 percent of the national average using SSA national work factors. Even the least productive office in the region performed at 108 percent of the national average.

--Four of the five offices identified on page 5 as having low productivity had increased their performance to above the regional average by the end of fiscal year 1984. We noted this and included this information on table 1, appendix II. (These offices were originally chosen because of their performance from fiscal years 1978 to 1982.)

--Careful and close management is critical to assuring proper staff levels. Staffings levels in the Atlanta region have decreased over the past few years, and attempts have been made by management to balance out the mismatches in staff to work load that exist.

In addition, you provided examples of work you have been doing or plan to do to improve productivity in the region. This information is summarized below.

--Several recent attempts have been made to identify "best practices" to improve regional operations, including special attention to retirement claims processing times, teleservice centers, and reception area practices.

--With regard to office staffing imbalances, area directors have submitted recommendations to the regional commissioner concerning imbalances in metro area offices, and a regional plan was devised to fill certain critical positions to balance staff among field offices. Some employees have been reassigned and one office was closed as a result of the plan.

--Greater attention will be paid to achieving appropriate position mix in field offices, including the use of an appropriate ratio of support staff and greater use of temporaries.

--The use of teleclaims will be increased as it is now considered to be a viable way to improve regional productivity.

--The region plans to take a close look at its field office quality control process to determine whether unnecessary reviews are being made.

--The region agrees that training is an area where additional emphasis is needed to assure the identification of best operating practices. SSA, both nationally and at the regional level, has instituted a number of programs to provide additional training for its management staffs.

We recognize that Atlanta regional management is working to balance the staff-to-work-load ratio, and that staffing changes must be carefully planned and cannot always be made quickly. The actions cited, when fully implemented on a continuing basis, should further enhance the Atlanta region's achievements in SSA.

We appreciate the cooperation you and your staff provided us during our review, and we would appreciate any further comments on actions taken or planned on our recommendations. A copy of this report is being sent to the Acting Commissioner, SSA.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Brian L. Usilaner". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Brian L. Usilaner
Associate Director

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ABBREVIATIONS

GAO	General Accounting Office
HHS	Department of Health and Human Services
SSA	Social Security Administration



OBJECTIVES, SCOPE, AND METHODOLOGY

This review, which was made between October 1983 and June 1984, included reviews at 18 SSA field offices, selected area offices, the Atlanta Regional Office, and SSA headquarters in Baltimore, Maryland. The 18 offices reviewed were Atlanta Downtown, Northeast Atlanta, East Point, Decatur, Albany, and Cordele, Georgia; Jacksonville and Dade City, Florida; Birmingham and Montgomery, Alabama; Vicksburg and Tupelo, Mississippi; Greenville, South Carolina; Durham and Salisbury, North Carolina; Dyersburg and La Follette, Tennessee; and Richmond, Kentucky. We selected these offices based on our analysis of productivity data for all 270 offices in the Atlanta region. The offices selected include large, medium, and small offices; urban and rural offices; offices in each state; and offices with various levels of productivity.

The objective of this review was to identify opportunities for higher productivity and lower costs in SSA's claims processing activity. Our general methodology involved two steps: analyzing why some SSA claims offices had higher productivity than others and analyzing the general claims process to identify unnecessary steps and best practices. We did not assess the productivity of individuals in the offices.

To determine why the productivity of various offices differed, we performed a processing system analysis at each location where we reviewed:

--process flow	--staffing	--performance standards
--equipment	--work load	--training
--procedures	--backlog	--files
--management	--overtime	--organization
--productivity	--quality	--timeliness

We also:

- examined and flow charted each step in the processing system and
- compared the 18 offices to identify processing differences.

At the offices visited, we interviewed officials to learn about policies and procedures for processing claims, and we interviewed staff to determine work flow from the time the claims were received at SSA until they were settled.

We discussed policies, procedures, and management control with officials at all locations. We also developed productivity data as they related to claims processing as well as data on timeliness and quality and gathered information about each district office's organization, management, automation, measurement systems, and quality control techniques.

We conducted this review in accordance with generally accepted government auditing standards. We examined the SSA productivity measurement system in the Atlanta region to determine potential errors that could alter our basic conclusions about the wide degree of productivity variation. Since the workload weighting system appeared to be a potential source of error in the productivity measures, we examined a study performed by SSA on the work measurement based weights. SSA's study showed that there were potential inaccuracies in some of SSA's basic time standards used for computing the weights and the offices' productivity levels. Therefore, we recomputed the productivity of the offices visited using a "worst case" error level derived from SSA studies of error levels based on SSA's samples, to determine the sensitivity of the productivity measures to such errors. We found that recomputed productivity still revealed about the same relative variation between offices.

We also reviewed a report issued by SSA headquarters Office of Field Operations, issued in December 1984, which considered why good-performing district offices perform so efficiently. In addition, we analyzed the relationships between economic and demographic factors and field office productivity to determine whether such factors impacted negatively on field office productivity. We considered such factors as population, wages, unemployment, education, and level of income.

FIELD OFFICE PRODUCTIVITY IMPROVEMENTS
POSSIBLE IN SSA'S ATLANTA REGION

The Social Security Administration is a major operational component of the Department of Health and Human Services (HHS). Under the direction of its commissioner, SSA has the responsibility for administering several federal programs--primarily benefits accruing to individuals from the Old Age and Survivors and Disability Insurance programs (Title II of the Social Security Act) and the Supplemental Security Income program (Title XVI of the Social Security Act, as amended). Applications for these and other programs handled by SSA are generally taken at field offices throughout the country. Field offices administer a wide variety of programs that have the basic objectives of providing for the material needs of individuals and families, protecting aged and disabled persons against the expenses of illnesses that could otherwise exhaust their savings, keeping families together, and giving children the opportunity to grow up in health and security.

Nationwide, SSA's field office staff numbered about 43,000 as of September 30, 1984. These employees were spread across 1,350 field offices in HHS' 10 geographical regions. In fiscal year 1984, 36.3 million Title II beneficiaries were paid \$176 billion in benefits, and about 4 million Title XVI recipients received \$9.9 billion in SSI program funds.

This appendix contains details on the wide variety of operating practices observed in the Atlanta region field offices--both by us and by an SSA study team from SSA headquarters' Office of Field Operations. Additionally, details are provided on the incentives that have been provided for improving the timeliness of the claims process. The success of these incentives in improving timeliness indicates their usefulness.

IMPROVING PRODUCTIVITY IS ONE
OF MANAGEMENT'S MOST IMPORTANT JOBS

Improving productivity has long been recognized as vital to both the private and public sectors of the economy. In the private sector, productivity improvements can lessen the impact of inflation and keep a company competitive. In the case of government, productivity can help to hold the line on government resource needs. Productivity improvement is one of the few methods by which the government can reduce costs while at the same time maintaining or improving the level and quality of services.

Peter Drucker, a noted management specialist, has said that the continuous improvement of productivity is one of management's most important jobs. He also has said that productivity measurement is the best yardstick for comparing management of different units within an enterprise and for comparing management of different enterprises. Management performance can also be judged by comparing an organization's productivity growth over time.

SSA field offices in the Atlanta region are similar in the type of work they perform; therefore, a comparison of their productivity is a useful first step in comparing differences in the way offices are managed. We found that productivity varies widely in the Atlanta region. For fiscal years 1981 to 1984, table 1 shows the wide variation in performance at the field offices which we visited in the Atlanta region.

Table 1
Productivity of Field
Offices Reviewed

<u>Office</u>	<u>Relative productivity^a</u>			
	<u>FY 1984</u>	<u>FY 1983</u>	<u>FY 1982</u>	<u>FY 1981</u>
Albany, GA	104	102	93	103
Atlanta (downtown), GA	108	81	84	99
Atlanta (northeast), GA	105	106	112	102
Birmingham, AL ^b	78	79	77	87
Cordele, GA	108	93	91	108
Dade City, FL	114	125	132	128
Decatur, GA	103	111	121	132
Durham, NC	102	108	108	98
Dyersburg, TN	90	93	83	91
East Point, GA	97	101	112	104
Greenville, SC	99	107	113	103
Jacksonville, FL ^b	100	88	93	98
La Follette, TN	102	87	68	70
Montgomery, AL	113	107	104	99
Salisbury, NC	89	94	109	98
Richmond, KY	97	107	92	91
Tupelo, MS	101	111	107	107
Vicksburg, MS	96	82	89	92

^aRelative productivity levels are based on SSA's work measurement system, which uses the average office's claims work load processed per person as an index equal to 100. The system also considers non-claims work load items.

^bThe Jacksonville, Florida, and Birmingham, Alabama, offices have mini-telephone service units. These units perform a public information service function which does not directly help process work load. According to regional management, this extra work load affects the offices' productivity.

FIELD OFFICES USE A VARIETY
OF OPERATING PRACTICES

We found that the 18 field offices visited used a wide variety of operating practices despite the similarity in work loads and services provided. Our observation on field office processing procedures, quality control practices, and work load control practices are summarized in the following pages. An SSA field office study report issued in December 1984 contained similar observations. Our review showed that managers used a variety of processing procedures, quality control measures, and methods to control an office's work load. Some of the practices which we observed were more efficient than others. The details of the SSA study are also discussed. Our observations indicate that there is a need for greater management accountability to ensure that productivity improvement becomes a top priority of regional office management.

Processing procedures

Processing procedures refer to methods that managers use to handle their work load. Generally, processing procedures include such items as workflow and type of activities in the workflow. Workflow is defined as work moving from person to person or place to place.

Claims activities were flow charted at all 18 offices we visited. Flow charting is the technique we used to permit us to compare work processes from office to office. Our flow charting demonstrated wide variations in claims processing techniques. Four examples follow:

- The Birmingham, Alabama, (downtown) office used 32 steps to process SSI redeterminations. Richmond, Kentucky, used only 17 steps for the same type of claim. Other offices used any number between the two extremes. The 15 additional steps in Birmingham are unnecessary because, according to data furnished by SSA, they do not result in greater quality or timeliness. Three of these extra steps resulted from using a locally developed form. Eight additional steps were taken to control the claim. These steps are extra internal checks and tallies made to ensure that the computer system accepted the input. Four steps included in the process were simply additional quality reviews. We determined, according to SSA's quality measures, that claims quality was not improved by these additional steps. Benefits could possibly be delayed because of the time needed to

perform these unnecessary steps. In our discussion with headquarters management we were told such extra reviews were discouraged by SSA headquarters officials because they had determined they did not result in improved quality.

--The Greenville, South Carolina, office used 42 work steps to process a standard retirement claim. Dade City, Florida, used 30 work steps for the same type of claim with similar attributes. As in the previous example, the other offices used variations between the two extremes. Also, as before, the 12 extra steps are not necessary because they do not result in greater timeliness or quality. For example: Eight extra work steps resulted from using two locally developed forms. We estimate that it took at least 15 minutes per local form which added at least 30 minutes to the process. These two forms were created to help ensure that the claims were being accepted by the computer system, but other offices performed without them. Also, four work steps were the result of added quality reviews. As in the prior example, these reviews did not increase the quality.

--Five offices permitted customers to complete portions of their applications while waiting for their interview. We estimated that from 10 to 30 minutes were saved per claim. Much application form data is basic information, such as name, age, and address, and permitting customers to complete their forms can save valuable staff time.

--In fiscal year 1983, one office took over 35 percent of its claims work load by telephone, while another office took less than 2 percent. We found that on the average, the 9 more productive offices took a higher percentage of telephone claims than did the less productive ones--16.7 percent to 15.3 percent in the 18 offices visited. Although the overall percentage difference is not large, one of the best producers used telephone claims extensively, whereas some poor producers used few teleclaims. We believe that teleclaims are a superior way to take claims, such as for retirement benefits, both from the perspective of time savings and improved public service. Regional staff advised us they also believe use of teleclaims to be an improvement in taking claims.

Quality control practices

Differences in the processing steps for quality control were evident in the numbers of quality reviews performed by each office. Despite these differences, there were no major quality differences in terms of processing errors between the offices. In fiscal year 1983, five of seven offices with no additional quality reviews beyond that required by headquarters met the 95 percent regional quality goal. Two offices missed the goal by only 1 percent. Table 2 illustrates that extra quality review steps appear to have added little to the accuracy of the completed Retirement and Survivors Insurance claims.

Table 2Results of Quality Review Steps

<u>Type of additional review</u>	<u>Number of offices</u>	<u>Quality range</u>
Adjudicator reviews every claim	4	95 to 99
Claims representative reviews 25 percent of the claims received	4	97
Claims representative selects the claims to be reviewed	2	97
Operations supervisor or claims representatives review random, unspecified quantities	1	97
No additional review	7	95 to 97

For retirement claims, table 3 compares the overall quality--how accurately SSA performed its work (payment accuracy)--and timeliness--how long it took SSA to perform necessary tasks in calendar days (processing time)--for fiscal years 1983 and 1984 at the offices visited during our review.

Table 3

Field Office Quality and Timeliness
Retirement Claims

<u>Office</u>	<u>Field office quality</u>		<u>Field office timeliness^b</u>		
	1984	1983	1984	1983	
	(Goals)	96%	95%	32	35
Albany, GA	97	97	21	28	
Atlanta DT, GA	97	94 ^a	25	31	
Atlanta NE, GA	97	94 ^a	24	29	
Birmingham, AL	97	96	25	29	
Cordele, GA	97	97	21	22	
Dade City, FL	98	96	21	24	
Decatur, GA	97	98	26	26	
Durham, NC	97	97	25	33	
Dyersburg, TN	95 ^a	97	24	32	
East Point, GA	97	98	23	33	
Greenville, SC	97	99	24	29	
Jacksonville, FL	98	98	25	28	
La Follette, TN	98	99	25	25	
Montgomery, AL	97	96	26	32	
Salisbury, NC	97	95	24	21	
Richmond, KY	97	98	23	29	
Tupelo, MS	97	99	21	23	
Vicksburg, MS	97	97	25	34	

^aSSA accuracy goal missed.

^bAverage calendar days to process.

Organization structures

Some offices have a higher percentage of their staffs in technical positions, such as claims representatives, as opposed to management and clerical positions. Of the 18 offices reviewed, the 9 most productive (offices that processed the most claims per person) used as high as 73 percent of their staff in technical positions, but the 9 least productive used no more than 65 percent of the staff in technical positions. Only two of the nine most productive used less than 65 percent of the staff in technical positions. This indicates that managers need to assure that their staff mix maximizes the most productive types of employees.

Work load control practices

Significant differences were noted in the methods managers used to control an office's work load. For example:

- Locally developed forms were used in nearly every office to help a manager control the work load--one office was using 72 local forms, another 24 forms, and a third no locally developed forms. Additional forms obviously added time to the process and should be used only when necessary. We found no indication of which approach provided the best control.
- Different methods were used to control SSI redeterminations that were identified by computer as having a high probability for a benefit change. Five offices used computer generated logs, three used tally strips (a form of manual log), nine used both logs and tally strips, and one used control cards.
- Ten offices kept logs of customers coming into their offices. We believe that receptionist logs can be particularly useful in establishing work load control and in predicting future office work load. No office, however, kept a log of incoming mail or telephone calls. No manager, in offices that maintained logs, used the logs for estimating or controlling the work load.
- Interview referral systems varied. Nine offices took customers "first come, first served," other offices assigned customers alphabetically or by other

arrangement. We observed during the course of our review in offices that did not use a "first come, first served" approach that customers were required to wait even though all claims representatives were not being fully utilized. In one office we observed that a customer had to wait approximately 2 extra hours in the waiting room while the claims representative handled other claims ahead of hers--yet at the same time, other claims representatives were not meeting the public and did not appear to be performing other tasks which would have precluded them from dealing with the public.

The preceding work load control practices demonstrate the wide variety of approaches used by different field offices. Among these practices, some contributed to accomplishing work objectives more efficiently and facilitated work load control. By identifying and implementing the best approaches and management controls at as many offices as possible, we believe that all offices could improve in efficiency and timeliness.

In order to identify the benefits of staffing solely on work load, we estimated staffing needs in selected offices based on the output that has been shown by some offices to be possible to achieve. We found that if low productivity offices were staffed in the same proportion to work load as the average Atlanta region office while maintaining the same output, fewer staff would be required. For example, in fiscal year 1984, if Birmingham had been staffed in a way that permitted that office to have average productivity, 15 fewer staff costing about \$354,000 would have been required. If, in the same manner, all field offices in the region with lower than regional average productivity raised their productivity to the regional average level, the total regional productivity would increase by 4 percent, making available for potential savings salary costs of about \$6.5 million. Similarly, if all offices in the region were as productive as the top 10 percent performing offices (top 27 of 270), approximately \$18.9 million salary savings could be realized, representing a 17 percent productivity improvement. If all offices in the region raised their productivity to the level of the top performing office, a 35 percent productivity improvement representing potential savings of \$40 million would accrue. We recognize, however, that if staff were reassigned to other locations where they may be needed, rather than reduced, lower savings would be realized, and that such changes cannot always be made quickly without adversely affecting employees.

SSA's headquarters' Office of Field Operations conducted a nationwide review of operations in 22 highly productive, good-performing district offices, including 3 offices in SSA's Atlanta region, to determine what factors contribute to their productivity. The study recommended that managers identify and use best operating practices. However, no specific plans for implementing the recommendations had been developed. This report was issued December 6, 1984. The following features reportedly were observed in these offices.

- Tight control of the work load by management: knowing how much work is pending, what it consists of, and who has it allows management to detect backlogs and shift work accordingly.
- Maximum use of the Accelerated Claims Process (ACP): ACP improves productivity by requiring only one input by the field office.
- Efficient reception area practices: good screening and assignment of interviews can eliminate unnecessary contacts between interviewers and the public.
- Emphasis on teleclaims: tight control and quick follow-up on teleclaims leads give the district office more control over its work and allow the office to better prepare the claimant for the interview.
- Logical work flows which are well understood by the staff: a clear work flow minimizes the misrouting of files within an office and the time spent trying to locate folders which are out of the pending tub.
- Creative techniques for limiting the impact of service area characteristics on office productivity: the presence of large foreign language or transient populations in the service area may complicate a district office's work, but developing ways to serve these groups can lessen the impact on the district office's resources.
- Practice of basic management principles: management which clearly communicates its expectations, provides adequate feedback, involves employees in decisionmaking, and is fair in dealing with performance problems will enhance the productivity of the office.

- Subspecialization of staff to handle discrete work loads: rotation of employees through subspecialized tasks can allow them to more effectively organize and process the work. However, this approach may not be workable in every office.
- Innovative use of community resources to assist in processing the work: utilizing existing community services, such as personnel departments of corporate headquarters, drug rehabilitation centers, and service centers for non-English speaking persons, can reduce the time district office employees must spend on certain work loads.
- Effective training of the staff: good training decreases the need for employees to consult with each other or the manual on how to process an action.
- Reviews targeted at problem areas and used for multiple purposes: using a review to serve both the quality improvement and employee appraisal functions is a more efficient use of district office time.
- Accurate work measurement practices: local management efforts to ensure the accuracy of work measurement data make these data a more viable tool for managers at all levels of operations.

Their report goes on to say that these observations reveal the effective use of tools available for processing the work, the employment of good management practices, and implementation of innovative solutions to local problems. According to SSA, these findings should stimulate managers to seek out other innovative ideas and to publicize effective practices (for example, through formal channels, such as the suggestion process, and through informal channels, such as discussions at management meetings) so that all offices may benefit from their experience.

ACCOUNTABILITY MECHANISMS CAN BE USED TO
STIMULATE EFFORTS TO IMPROVE OPERATING
PRACTICES AND PERFORMANCE

The value of SES contracts and merit pay performance standards that include provisions for operating performance improvements have been demonstrated by the Atlanta region's

improvements in timeliness. According to regional officials, the entire regional management team--from regional commissioner to local field office managers--were made accountable for making specific improvements in timeliness performance even before SES contracts or merit pay performance standards were in place. Those contracts and standards personalized those concerns. According to regional, area, and field office managers, the pay-for-performance contracts and performance standards gave them the incentive to look for the operating practices that could improve timeliness. As a consequence of implementing those operating practices directed toward improving timeliness, the Atlanta region cut the time required to complete major claims significantly. For example, in February 1981, retirement claims in the Atlanta region took 32 days. By August 1984, this was reduced to 23.6 days. In another example, disability claims took 71.2 days in 1981 but only 59 days in August 1984. However, efficiency has not received the same pay-for-performance attention as timeliness. Even though area directors are assigned the responsibility of improving efficiency through best operating practices, there are no merit pay performance standards to provide these managers with the incentive for informing, assisting, and training local office managers and for assuring that proper staffing is provided commensurate with local needs.

ANALYSIS OF RELATIONSHIPS BETWEEN
ECONOMIC AND DEMOGRAPHIC FACTORS
AND FIELD OFFICE PRODUCTIVITY

The Social Security Administration headquarters has allowed certain offices to have larger staffs than others with the same work load. In addition, SSA has allowed offices to vary significantly in their productivity. They did so believing some offices faced unusual demographic and work load circumstances. For example, SSA noted that some offices serve a predominantly poor rural area. SSA officials stated that they assumed that poor economic conditions negatively impact productivity because claims from poor, uneducated claimants take more staff time to process than from other claimants.

To test the validity of these assumptions, which are being used as input to staffing decisions, we performed a statistical correlation analysis on the relationship of demographics to productivity. The correlation analysis requires matching the factor being considered, say median years of education of the area population with the productivity of the area office. For example, one office may have relatively high productivity and the population of the demographic area surrounding the office may have a relatively high educational level. This one example would seem to indicate by itself that the hypothesis of local educational levels affecting productivity is true. However, to fully examine the hypothesis, a statistical correlation was used on all Atlanta region offices,¹ and the hypothesis was not proven. (See table 4.)

Using 1980 General Social and Economic Characteristics of the Census of the population compiled by the Bureau of Labor Statistics, we obtained the most recent data available on education levels, average salary, unemployment rates, and population for counties in the Atlanta region. Demographic data were assigned to appropriate primary and other service area counties,² as prescribed by SSA. In some cases, the primary county data provided the strongest relationship. However, we used other service area counties when the data were more influential. This assured the strongest correlation would result from our analysis. A coefficient of less than 0.7 indicated that a variable was not significantly related to productivity. As shown in table 4, we found that these variables do not have statistically significant relationships to output per person per year in field offices.

¹We eliminated three tele-servicing centers and nine offices that closed. Therefore, our original analysis is based on 258 offices, rather than 270.

²Primary county is the county in which the office is located; service area often includes several surrounding counties.

Relationship of Economic and Demographic Factors to Productivity

<u>Correlation coefficient</u>	<u>Factors</u>
0.17	Population of standard metro- politan area or county that the office serves
0.01	Average annual wage of the primary county that the office serves
-0.04	Unemployment rate in primary county
0.07	Median years of education in primary county
-0.10	Percent of population served with less than 5 years of education
0.07	Percent of population with high school education
0.00	Percent of population with 4 or more years of college
-0.09	Number of individuals receiving retirement and/or disability income
0.18	Number of individuals receiving supplemental security income
0.36	Ratio of new claims to number of individuals already receiving benefits
-0.29	Percent of supplemental security income claims to total claims

We believe that this analysis shows there is no significant correlation between the suggested variables and offices' productivity. Consequently, to consider these factors when allocating staff or comparing productivity is not justified. In fact, to do so encourages inappropriate staff allocation.

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